

chant 600 roubles. The maximum term for loans for material is three years, but periodical payments are required when the term exceeds six months. The bank is authorized to accept as security for loans to small farmers, peasants, and mechanics, upon the pledge of their products, the guarantee of the provincial assemblies, institutions of credit (including mutual societies which agree to operate under the rules framed by the bank), and individuals chosen from among the inhabitants of the respective communities who inspire confidence at the bank.

This new policy of the bank has been subjected to severe criticism upon the ground that the Russian people are unused to operations of credit and cannot be trusted to meet in good faith the required payments. The Minister of Finance himself, in his report recommending the new S}rs-tem, referred to the collapses of most of the banks of commerce and of mutual credit which have taken place in Russia during the past twenty years and to the failure of two branches of the Bank of Russia at Kief and Kharkof, which were authorized to advance money to small farmers on the guarantee of two large proprietors and the certificate of the local tribunal that the property actually existed upon which the advance was made. More than 2,000,000 roubles, were advanced annually in loans of this sort, but great abuses occurred and it was found that loans were obtained upon products which had no existence by means of false certificates given by the authorities.¹ The government has, felt, however, that some losses could be borne in teaching the people the benefits of commerce and of credit and did not hesitate, during the famine of 1892 and the customs war with Germany in 1893, to advance to the suffering peasants, some 90,000,000 roubles which were recovered only partially and by degrees.

The danger of loans upon products is increased, in the opinion of the critics of the bank, by the permission that the products on which loans are made may be retained in the

¹ De Cyon, 135-36.